

The City and County of Honolulu

Citizen-Centric Report for Fiscal Year 2016

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Mission, Goals & Objectives

ACCORDING TO THE CITY CHARTER:
 The purpose of the City and County government is to serve and advance the general welfare, health, happiness, safety and aspirations of its residents, present and future, and to encourage their full participation in the process of governance. To achieve these purposes, its departments and agencies can be roughly divided into four groups:

- Public Safety and Welfare
- Culture and Recreation
- Community Development and Citizen Participation
- General Government Operations



Our Island

Hawai'i is located in the central Pacific Ocean about 2,400 miles from San Francisco, CA. The City and County of Honolulu covers the entire island of O'ahu, an area of nearly 600 square miles. According to the latest U.S. Census Bureau statistics, there are an estimated 998,714 residents and Honolulu is the largest city in Hawai'i, with approximately 70% of the state's total population of 1.4 million people. Of Honolulu's total population, 161,966 (16.2%) were age 65 years and older. Population density is 1,587 persons per square mile. Tourism is the city's principal industry, followed by federal defense expenditures and agricultural exports.

Our Government

In 1959, the Honolulu City Charter established a mayor-council form of government for Honolulu. The legislative function consists of nine city council members elected by districts. Under the charter, the council has legislative and investigative power. The mayor is the chief executive officer assisted by a managing director who is the second ranking executive and is appointed by the mayor with council approval. All elective positions have four-year terms elected on a nonpartisan basis.

Our Economy

2016 marks the seventh year of economic expansion for Hawai'i. Honolulu's economy benefited from strong tourism and low fuel prices. Economic indicators, such as visitor arrivals, new construction, home resale prices, overall job counts, low unemployment, personal income growth, and proprietors' income suggest that O'ahu's economy can anticipate moderate growth to continue.

Selected Demographics

	2015	2016
Population	991,788	998,714
Per Capita Personal Income	\$30,735	\$31,041
Unemployment Rate	3.4%	3.0%
Households (Housing Units)	343,017	344,108
Homeownership Rate	54.90%	54.40%

Sources: US Census Bureau, Honolulu Department and Agency Report FY 2016, Honolulu Service, Efforts and Accomplishments Reports FY 2015 & FY 2016 published by Honolulu Office of the City Auditor, 2015 Citizen-Centric Report, and State of Hawai'i Department of Business, Economic Development & Tourism, and the Department of Labor and Industrial Relations.

...to promote accountability, fiscal integrity and openness in city government.



Our Progress

Citizen Centric Report for Fiscal Year 2016



2016 Highlights

- The Office of the City Auditor issued its seventh Service, Efforts and Accomplishments (SEA) report, which informs citizens about the status of the City and County of Honolulu.
- In connection with the SEA report, the City Auditor's Office reported the results of Honolulu residents' opinions about the community and city services in the 2016 National Citizen Survey.
- Honolulu residents reported high rates of participation in environmentally friendly activities, such as recycling, conserving water, and making homes more energy efficient.
- Community characteristics receiving the highest percentage of *excellent* or *good* ratings by citizens were garbage collection, air quality and safety in their neighborhood during the day.
- Characteristics receiving the lowest percentage of *excellent* or *good* ratings were the availability of affordable quality housing, cost of living, and traffic flow on major streets.

The SEA Report, National Citizen Survey and video tutorials can be found online at: <http://www.honolulu.gov/cms-oca-menu/site-oca-sitearticles/514-service-efforts-and-accomplishments-report.html>.

Sources: Honolulu FY 2016 Service, Efforts and Accomplishments Report & 2016 National Citizen Survey of Honolulu Residents published by the Honolulu Office of the City Auditor, City and County of Honolulu Proposed Operating Budget (FY 2018), U.S. Census Bureau 2016, and the Department of Budget and Fiscal Services.

Honolulu Performance Measures	2015 Actual	2016 Actual	1 Year Change
Financial Priorities			
General Fund expenditures (millions)	\$1,258	\$1,394	11%
General Fund revenues (less carry over) (millions)	\$2,142	\$2,110	-1%
Debt service as a % of General Fund revenue	17.36%	18.86%	1%
Community Design			
Availability of affordable housing <i>excellent</i> or <i>good</i>	9%	8%	-1%
Code enforcement <i>excellent</i> or <i>good</i>	14%	23%	9%
Number of potholes patched	32,976	42,656	29%
Environmental Sustainability			
Sanitation capital expenditures (millions)	\$261	\$233	-11%
H-POWER energy to HECO (thousands of MWh)	385	380	-1%
Percent who recycled at home	91%	88%	-3%
Preservation of natural areas <i>excellent</i> or <i>good</i>	30%	42%	12%
Public Safety			
Police services <i>excellent</i> or <i>good</i>	56%	51%	-5%
Priority 1 average response time (minutes)	7.27	7.34	1%
Fire services <i>excellent</i> or <i>good</i>	85%	84%	-1%
Fire prevention inspections (thousands)	50.5	65.1	29%
Emergency preparedness <i>excellent</i> or <i>good</i>	64%	64%	0%
Recreation and Wellness			
Recreation services expenditures (millions)	\$21.98	\$21.21	-4%
Percent who used C&C recreation centers	61%	50%	-11%
Number of adult registrants in parks programs	9,915	8,462	-15%
Number of senior registrants in parks programs	15,236	15,728	3%

Per Capita Spending by Department

Department	FY 2016	Department	FY 2016
Budget and Fiscal Services	\$21	Information Technology	\$20
Community Services	\$92	Legislative	\$14
Corporation Counsel	\$9	Mayor	\$3
Customer Service	\$23	Managing Director	\$1
Design and Construction	\$16	Neighborhood Commission	\$1
Emergency Management	\$3	Royal Hawaiian Band	\$2
Emergency Services	\$38	Medical Examiner	\$2
Enterprise Services	\$22	Parks and Recreation	\$71
Environmental Services	\$234	Planning and Permits	\$19
Facilities Maintenance	\$78	Police	\$263
Fire	\$113	Prosecuting Attorney	\$22
Human Resources	\$6	Transportation Services	\$251
Total Per Capita Cost for City Operations (rounded) = \$1,323			

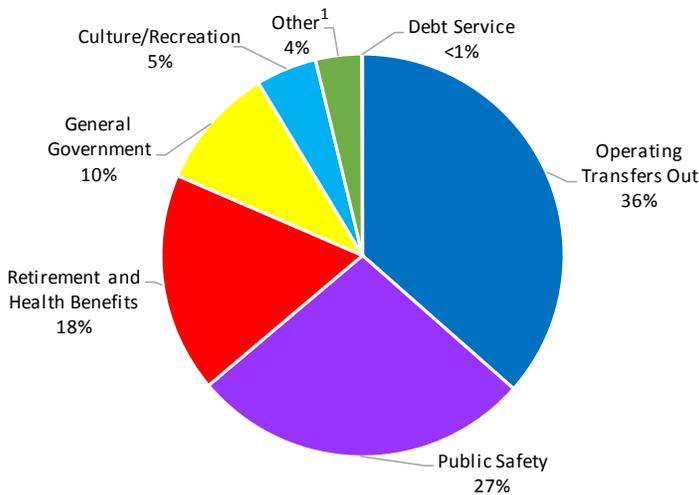


Our Finances

Spending and Revenues for Fiscal Year 2016

Honolulu, like other cities, uses various funds to track specific categories of activities. The General Fund is used for all general revenues and governmental functions, including the departments of Community Services, Customer Services, Design and Construction, Emergency Management and Emergency Services, Environmental Services, Fire, Information Technology, Parks and Recreation, and Police, the Legislative Branch, and other support services. These services are supported by general city revenues and program fees. Proprietary Funds are used for housing, sewer, bus transportation, solid waste, water, and enterprise services such as golf courses, the zoo, and auditoriums. These services are generally supported by charges paid by users. Please note that the information below does not reflect capital funds or expenditures.

Where does the General Fund Dollar Go?

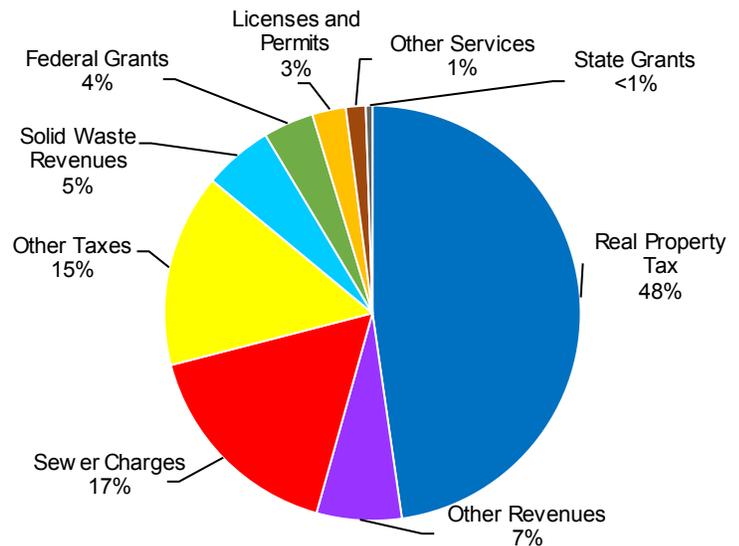


Function	FY 2015 (\$ millions)	FY 2016 (\$ millions)
Operating Transfers Out	\$432.8	\$508.9
Public Safety	\$365.2	\$380.9
Retirement and Health Benefits	\$222.9	\$246.1
General Government	\$135.0	\$137.8
Culture/Recreation	\$62.0	\$67.9
Other Miscellaneous	\$23.8	\$25.0
Human Services	\$5.1	\$13.9
Sanitation	\$3.8	\$3.5
Highways & Streets	\$2.6	\$4.5
Capital Outlay	\$4.0	\$4.9
Debt Service	\$0.9	\$0.6
Utilities and Other Enterprises	\$0.0	\$0.0
Total	\$1,258.1	\$1,394.0

¹Other includes: Other Miscellaneous, Human Services, Sanitation, Highways & Streets, Capital Outlay, and Utilities and Other Enterprises.

What are the Sources of Revenue?²

Operating Resources	FY 2015 (\$ millions)	FY 2016 (\$ millions)
Real Property Tax	\$951.8	\$1,007.1
Other Revenues	\$238.1	\$139.3
Sewer Charges	\$317.0	\$350.9
Other Taxes	\$327.4	\$317.7
Solid Waste Revenues	\$122.7	\$113.4
Federal Grants	\$87.6	\$82.8
Licenses and Permits	\$54.1	\$55.2
Other Services	\$34.4	\$32.4
State Grants	\$8.8	\$10.9
Total	\$2,141.7	\$2,109.8



Sources: Executive Operating Program and Budgets FY 2017 and FY 2018

The City and County of Honolulu's Comprehensive Annual Financial Report was issued in December 2016. Independent audits of the city's finances were conducted, resulting in clean opinions. Complete financial information can be found at <http://www.honolulu.gov/auditor/reportsworkplans/192-site-oca-cat/728-financial-audit-reports.html>.

²Percentages do not total to 100% due to rounding.

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What's Next

Challenges and Priorities



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Priorities

Challenges Moving Forward

In approaching the mayor's priorities, the administration adopted guidelines related to fiscal restraint, a focus on core services and infrastructure, investing in new technology and personnel, transparency in operation, and the importance of customer service. For the first time in the city's history, the administration adopted a zero-based budget in departments. To achieve a more right-sized government, the administration deactivated positions based on vacancies, attrition, and a five-year history of hiring patterns. The mayor's budget priorities and all departmental budgets were prepared based on a the fiscal mantra of "spending to make a difference."

The mayor's priorities for FY 2016 were related to:

- Restoring Bus Service
- Repaving Roads
- Improving the Sewer System and Infrastructure Repair and Maintenance
- Caring for Our Parks
- Building Rail Better
- Transit-Oriented Development
- Addressing Homelessness

We want to hear from you.

Do you like this report?

Would you like to see other information?

Please let us know by contacting our office at oca@honolulu.gov. For more information on our services, visit our website at <http://www.honolulu.gov/auditor.html>.

Sources: Honolulu FY 2016 Service, Efforts and Accomplishments Report & 2016 National Citizen Survey of Honolulu Residents published by the Honolulu Office of the City Auditor.

Restoring Bus Service

The mayor continued to restore and extend bus service. Service improvements included the extension of Bus Route E to serve Waikiki and deliver workers to Waikiki's visitor industry from Ewa Beach and Waipahu and Bus Route 40 with service to UH West O'ahu campus, all day, seven days a week.

Repaving Roads

In FY 2016, the city paved a total of 258 lane miles, and a total of 5,589 potholes were filled. The city continued the pavement preservation program with slurry seal in Nu'uuanu Valley, Pauoa Valley, and Pacific Heights. Over the last year, residents' quality ratings for city road repair increased four percent.

Improving our Sewer System, Infrastructure Repair and Maintenance

Adequate sewer capacity is a critical part of the city's infrastructure. Without sewer capacity, the city cannot approve new development projects. In FY 2016, the city rehabilitated 122 miles of sewer pipe and cleaned an additional 500 miles of sewer pipe. The city completed 381 of the 484 projects in the Global Consent Decree with the U.S. Environmental Protection Agency and the state Department of Health. The city also completed improvements to the its first Membrane Bioreactor at the Wahiawa Wastewater facility converting raw wastewater to R-1 recycled water. Over the last year, residents' quality ratings for sewer services increased 4%.

Caring for our Parks

Great public parks are the hallmark of great cities throughout the world. Maintaining and improving parks and recreational areas is critical for quality of life. In FY 2016, the city installed 42 new or refurbished play apparatus in city parks and resurfaced 83 play courts at 22 parks. The city also renovated and reconstructed 34 comfort stations. Over the last year, residents' quality ratings for parks increased six percent.

Building Rail Better

Building Rail Better is the mayor's priority to work collaboratively with the Honolulu Authority for Rapid Transportation (HART), stakeholders and governmental agencies; to push for fiscal responsibility and transparency; to work with communities on visual impact concerns; and to plan for infrastructure needs for *transit-oriented development*. In 2016, HART completed construction of more than 8.6 miles of rail and the Rail Operations Center. HART and the city began working on a Recovery Plan to address the budget shortfall and delays in the project construction schedule.

Transit-Oriented Development

Working with communities throughout the rail corridor, the mayor's team developed draft TOD plans to enhance neighborhoods around the transit stations. The mayor's TOD subcommittee met weekly to discuss TOD-related infrastructure, projects, policies, and streamline implementation. The Department of Planning and Permitting's TOD program developed the first TOD zoning and Special District land use ordinance and submitted it to the city council. Plans are underway in the city's TOD program to meet the demand for affordable housing along the rail transit route. The city's Affordable Housing Strategy was drafted in September 2015.

Addressing Homelessness

The City continued its efforts to address homelessness through its *Housing First* initiative. The initiative met its goal of housing 115 households experiencing chronic homelessness with 97% retention. In FY 2016, the Honolulu's *Mayors' Challenge* efforts permanently housed 502 homeless veterans. The Office of Housing hosted the August 2015 *Veteran Stand Down*, where over 100 homeless veterans were connected to housing, veterans affairs and community services, legal counseling, and employment services. A majority of residents, 83%, rated the homeless and homelessness as essential or very important for the city to address in the next two years.